



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D C. 20224

March 24, 2015

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Affected IRM: 4.75.22
Expiration Date: July 1, 2015

MEMORANDUM FOR ALL EO EXAMINATIONS MANAGERS AND
ALL EO EXAMINATIONS REVENUE AGENTS

FROM:

Margaret Von Lienen
Director, EO Examinations

SUBJECT:

Reissuance: Information Return Penalty Case File

This memorandum is a reissuance of IG Memorandum TEGE-04-0314-04 dated March 24, 2014, which is superseded.

The purpose of this memorandum is to provide additional guidance for establishing a penalty case and new procedures for closing the penalty case on RCCMS. Refer to Attachment 1 and 2 for the additional guidance and the new procedures.

A Form 5599, *TE/GE Examined Closing Record*, is not required for the penalty case file, as it is not established on AIMS. However, the time charged to the penalty case file must be input on RCCMS. Refer to Attachment 3 for an example of recording time.

Further, EO agents can use [Letter 5005-P, Information Return Penalty Notice \(Form 1099\)](#), to notify taxpayers of penalties assessed for failure to timely file or failure to timely furnish Form 1099.

[IRM 4.75.22, EO Delinquent, Amended, and Substitute for Return Procedures](#), will be revised to incorporate this memorandum by July 1, 2015.

Please submit your questions to Mandatory Review via [*TEGE EO Review Staff](#).

ATTACHMENT (3)
cc: irs.gov

Attachment 1**Step-By-Step Procedures for Establishing Information Return Penalty Case**

The following provides instructions for some of the required fields. The fields not listed are self-explanatory.	
1.	Underneath the main activity in RCCMS, select File, New, Compliance Activity .
2.	In the Validate For drop down box, select Establish .
3.	Deselect the Update AIMS check box. Enter TIN Enter T/P Name
4.	On the General (1 of 2) tab, select Non-Return in the Type drop down box.
5.	In the Activity Code drop down box, select 507 – Form 8278 .
6.	In the Tax Period field, enter the calendar year, i.e. 200912, 201012, etc.
7.	In the Return Due field, use 2/28/xxxx (even though there are different due dates for filing versus furnishing the forms).
8.	In the Return Received field, use the same date as the return due date, or, if applicable, use the delinquent return secured date.
9.	In the Statute field, use the date input in Return Received field plus three years.
10.	If no return has been filed, select EE in the Alpha Day drop down box.
11.	On the Codes tab, complete the normal required entries. The MFT is 99 . The Return Requisition Code is 3–Return, Chargeout & Labels Not Requested . The Project Code is the same as the primary return. However, if the case is NRP, use 8253. The Source Code is 45–Reference and Information Returns . The Status Code is 12–Assigned for Evaluation
12.	Save and Close. The Save in screen appears. *****The penalty case is placed in a separate case file. Mark the New Case button. Enter a case name that easily identifies taxpayer and type of case. Click OK. Establish the penalty case file by highlighting the activity. From the top line menu, select Action->Request Establishment .

Attachment 2**Step-By-Step Procedures for Closing Information Return Penalty Case on RCCMS**

1.	In the List View screen, double click the period to close, to open the penalty case file being closed.
2.	In the Validate For drop down box, select Close .
3.	Verify that the Update AIMS box is unchecked. On the Closing Tab, click on New Compliance , to create the closing record. Change the Validate for to 'Close'.
4.	On the General tab, ARDI code is no entry.
5.	In the Disposal Code field, select 802.
6.	In the Closing With field, no entry required.
7.	On the Detail tab, fill in examiner's time, technique code, and examiner's name.
8.	On the Individual/Bus. (2 of 3) tab, complete the Principal Issue Codes fields.
9.	Select Save and Close on top left of the screen.
10.	Repeat all steps for each year.
11.	In the List View screen, select the case you want to close.
12.	Select Action, Request Closure , then click OK.
13.	Add any appropriate comments.
14.	Select Send/Receive .

Attachment 3

Example of Recording Time

In this example, the Form 990 has 50 hours charged to it and the penalty case file has five (5) hours.

	Form 990 File	Penalty Case File
RCCMS	50 hours	5 hours
WebETS	50 hours	5 hours
Case Chronology Record	50 hours	5 hours
Form 5599	50 hours	Not Required